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**REMARKS**

This Amendment responds to the Office Action of August 10, 2004.

Claims 1, 3-4, 15-16, 18-19, 22-26, 31, 35-40, 43, 45-49 remain in this application. Claims 1, 3-4, 25, 31, and 37-40 are currently amended. New Claims 51 and 52 have been added. Claims 2, 5-14, 17, 27-30, 32-34, 44, and 50 have been canceled. Claims 20, 21, 41, and 42 have been previously canceled.

In the Office Action, the Examiner has rejected claims 1-19, 22-40, and 43-50 under 35 U.S.C. § 103(a) as being unpatentable over Sampson et al. (U.S. Patent No. 5,802,499) in view of the "Wall Street Letter" article, Kirksey (U.S. Patent No. 6,460,021), and Aziz et al. (U.S. Patent No. 6,018,721). The Examiner's bases for the rejection are addressed below.

**Claim Rejections Under 35 U.S.C. § 103(a)**

The Examiner rejected claims 1-2, 4-8, 10-19, 22-29, 31, 35-48, and 50 under 35 U.S.C. § 103(a) as being unpatentable over Sampson et al. (U.S. Patent No. 5,802,499) in view of the "Wall Street Letter" article, Kirksey (U.S. Patent No. 6,460,021), and Aziz et al. (U.S. Patent No. 6,018,721). Applicants respectfully traverse the rejection.

Sampson discloses a computer-based system for managing bilateral credit support agreements between parties engaged in derivatives and other financial markets. (Sampson, Col. 2, l. 27-31.) Customers who are users of the system disclosed in Sampson transfer to the system assets which are available for use in providing collateral

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to counterparties who have provided credit to the customer. (Sampson, Col. 11, l. 11-13.) The customer's account in the system of Sampson contains identification information, asset information, and various unilateral parameters unique to the customer. (*Id.*, Col. 11, l. 13-15.) Each customer and its counterparty to a credit support agreement, create a credit support agreement, the terms of which are entered into the system of Sampson. (*Id.*, Col. 11, l. 16-27.) "Thereafter, the customers calculate their or their counterparty net positions or credit exposure (i.e., "mark-to-market" values) with respect [to] their counterparties, using their current methods and algorithms." (*Id.*, Col. 11, l. 28-31.) Customers then input into the system their credit exposures either individually or in bulk. (*Id.*, Col. 11, l. 31-34.) Based on the size of the credit exposure the customer has entered into the system, the collateral previously transferred to the system by the customer and its counterparties, the daily valuation of credit support assets in the system, and the terms of credit support agreements entered into the system, the system calculates whether or not additional assets are required for credit support and informs the customer of any amount of assets that must be provided to a counterparty. (*Id.*, col. 11, l. 41-53.)

Assets that a customer transfers to the system of Sampson are identified by asset type and number. (Sampson, Col. 17, l. 37 – Col. 18, l. 3 & Fig. 4E.) The system permits customers to provide an order in which it wants assets to be used to cover credit exposures, but it does not explicitly or inherently disclose, teach, or suggest the "method for the management of leverage relating to financial transactions" recited in amended Claim 1, which includes the steps of "identifying a market segment in which the entity

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holds financial positions” and “quantifying an aggregate net exposure across the identified market segment or segments.”

The “Wall Street Letter” article reports on a 1998 announcement of the Board of Trade Clearing Corp. (the independent clearing house for transactions made at the Chicago Board of Trade) that it will soon accept stock to satisfy minimum margin requirements. It does not explicitly or inherently disclose, teach, or suggest the “method for the management of leverage relating to financial transactions” recited in amended Claim 1, which includes the steps of “identifying a market segment in which the entity holds financial positions” and “quantifying an aggregate net exposure across the identified market segment or segments.”

Aziz discloses a system and method for the management and tracking of collateral using a computer system. (Aziz, Col. 2, l. 14-16.) The system and method of Aziz “accesses a plurality of databases which are preferably relational databases to allow for the following collateral process actions: validation of an account’s existence within the system; the validation of the securities’ existence within the system; retrieval of all confirmed and unconfirmed account positions effecting available collateral for the account and an account in its collateral group; retrieval of the account’s security, cross-currency haircut and acceptability tables; the validation of the securities’ acceptability by depository class, tenor, and rating in the acceptance table; the retrieval of all threshold and minimum call information for the account; calculation of the optimal haircut application by multiplying the security haircut table by the cross-currency haircut table

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and sorting the resulting figures and currency security class pairs in descending order; the calculation of the local market value for each position and proposed position; the conversion of the market values to U.S. dollars, retaining an indicator of the local currency; applying security haircuts to the resulting U.S. dollar market values; retrieving collateral requirements (resulting from liabilities) in the U.S. dollar, grouped by originating currency; matching of like currency collateral to collateral requirements; matching remaining requirements to remaining collateral by finding the highest currency/security class pair in the remainders and working down the optimization list; and applying minimum calls or thresholds and reporting any remaining shortfalls.” (*Id.*, Col. 2, l. 16-42.) It does not explicitly or inherently disclose, teach, or suggest the “method for the management of leverage relating to financial transactions” recited in amended Claim 1, which includes the steps of “identifying a market segment in which the entity holds financial positions” and “quantifying an aggregate net exposure across the identified market segment or segments.”

Kirksey et al disclose a method of creating and selling marketable collateral backed debt instruments comprising creating a debt-instrument-issuing-entity which lends mortgage or other lien-backed monies to a group of property owners each owning his or her property in a fee simple or other mortgageable or transferable interest in property against which a lien may be placed. (Kirksey, Col. 1, l. 52-57.) It has nothing to do with the management of leverage relating to financial transactions. Kirksey does not explicitly or inherently disclose, teach, or suggest the “method for the management of

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leverage relating to financial transactions” recited in amended Claim 1, which includes the steps of “identifying a market segment in which the entity holds financial positions” and “quantifying an aggregate net exposure across the identified market segment or segments.”

Thus, the combination of Sampson et al. in view of the “Wall Street Letter” article, Kirksey (U.S. Patent No. 6,460,021), and Aziz et al. (U.S. Patent No. 6,018,721) do not individually, or in combination, explicitly or inherently disclose, teach, or suggest the “method for the management of leverage relating to financial transactions” recited in amended Claim 1, which includes the steps of “identifying a market segment in which the entity holds financial positions” and “quantifying an aggregate net exposure across the identified market segment or segments.”

Individually and in combination, Sampson, the “Wall Street Letter” article, Kirksey, and Aziz do not disclose, teach, or suggest, “quantifying an aggregate net exposure across the identified market segment or segments,” wherein the “identified market segment or segments relate to specific industries” as recited in amended Claim 3. Those references, individually and in combination, also do not disclose, teach, or suggest that the aggregate net exposure is quantified according to market data using a calculation of the median of multiple values as recited in amended Claim 4; managing the leverage according to rules specific to conditions and requirements of a particular identified market segment as recited in previously amended Claim 15; that leverage is managed across market segments as recited in previously amended Claim 16; that the entity

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comprises a volume purchase group as recited in previously amended Claim 18; managing leverage comprises monetizing unrealized positions from at least one of the identified market segments to cross-fund positions in another market segment as recited in currently amended Claim 19.

With regard to Claim 22, the Examiner states in the Office Action that Sampson discloses "that there are many types of assets or products present for a given entity." (August 10 Office Action at 5 (citing Sampson, Col. 17, lines 37-62, Col. 25, lines 45-65).) The system of Sampson discloses having an information field that identifies assets by type, but it does not disclose computing net exposure values separately for financial product groupings and accumulating product grouping totals according to a parent entity as recited in previously amended Claim 22.

With regard to Claim 23, the Examiner states in the Office Action that "accumulating market product segments forming a composite of exposure across market segments of claim 23 would have been obvious to a person of ordinary skill in the art in order to provide details of any given product or products." (August 10 Office Action at 5.) Applicants respectfully submit that the Examiner's statement in the Office Action with regard to Claim 23 is merely an assertion that accumulating market product segments forming a composite of exposure across market segments as recited in previously amended Claim 23 is desirable. It does not demonstrate that it was known. Applicants respectfully submit that the Examiner has failed to establish the requisite factual foundation to support the Examiner's assertion that Claim 23 is obvious.

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With regard to Claim 24, the Examiner states in the Office Action that Sampson discloses “monitoring exposure levels across market segments to determine if exposure remains within a predetermined tolerance and initiating communication for additional collateral resultant to the exposure exceeding the predetermined tolerance.” (August 10 Office Action at 6 (citing Sampson, Col. 17, line 63 – Col. 18, line 3; Col. 11, lines 10-27.)

At Column 17, line 63 – Column 18, line 3, Sampson discloses using an information structure that “allows the customer to specify for each asset class (i.e., security type), or at a lower level specific security, (i) the order in which the customer wants the security used to cover credit exposure, all things being equal, and (ii) the securities can be overridden by the Agreement Preference Parameters the customer would like to hold onto.” Customers specifying the order in which they want asset classes or securities within asset classes to be used to cover credit exposure after exposure has already been determined is plainly not the same as monitoring exposure levels across market segments to determine if exposure remains within a predetermined tolerance as recited in previously amended Claim 24.

At Column 11, lines 10-27, Sampson discloses entering into the system disclosed in Sampson information about a customer’s assets. That is also plainly not the same as monitoring exposure levels across market segments to determine if exposure remains within a predetermined tolerance as recited in previously amended Claim 24.

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With regard to Claims 25 and 26, the Examiner states in the Office Action that the “identifying and determining steps are also taught by Sampson . . . .” (August 10 Office Action at 6, citing Sampson, Col. 17, line 63 – Col. 18, line 3; Col. 11, lines 10-27.) Applicants respectfully submit that the cited portions of Sampson, which are discussed above, also do not disclose, teach, or suggest identifying a market segment and quantifying an aggregate net exposure resulting from positions of an aggregate of at least two unrelated entities in the identified market segment, determining a value for collateral dedicated to offset the net exposure; valuing exposure for the market segment, wherein the market segment relates to a specific industry as recited in Claims 25 and 26.

With regard to Claims 43-49, the Examiner states in the Office Action that “providing a display area on a display screen of the combined teachings would have been obvious to one of ordinary skill in the art at the time of the invention in order to provide users with a friendly graphical user interface whereby users may instantly view or input related information.” (August 10 Office Action at 7.) Applicants respectfully submit that this is merely an assertion that Claims 43-49 recite desirable. It does not demonstrate that it was known. Applicants respectfully submit that the Examiner has failed to establish the requisite factual foundation to support the Examiner’s assertion that Claims 43-49 are obvious.

Applicants respectfully submit that the combination of Sampson, the “Wall Street Letter” article, Kirksey, and Aziz do not anticipate or render obvious the subject matter of Claims 1, 3-4, 15-16, 18-19, 22-26, 31, 35-40, 43, 45-49, 51, and 52. Accordingly,



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Applicants respectfully request that the Examiner withdraw the Examiner's rejections of those claims.


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**Conclusion**

In light of the foregoing amendments and remarks, Applicants believe that the application is in a proper format for allowance of all claims and earnestly solicit a notice to that effect.

Respectfully submitted,

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